



U.S. TRADE IN PERSPECTIVE

U.S. Department of Commerce, International Trade Administration, Trade Development December 2001



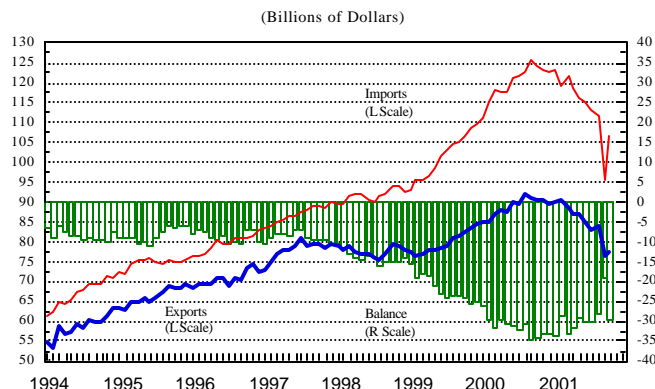
U.S. Trade Deficit Widens in October; Sharp Rise in Imports as Exports Increase Moderately

Recent Developments: *U.S. exports of goods and services rose \$0.5 billion to \$77.3 billion in October 2001 and imports increased \$11.0 billion to \$106.8 billion. The trade deficit was \$29.4 billion, \$10.4 billion more than September's revised data.*

Trade Performance: Year-to-date, exports were down 4.2 percent, while imports were down 4.5 percent. The goods and services deficit was \$350.6 billion (annual rate), compared with a deficit of \$371.4 billion in the same period in 2000.

U.S. INTERNATIONAL TRADE

In October, U.S. exports of goods increased \$987 million to \$56.6 billion. The September to October change reflected increases in exports of industrial supplies and materials such as precious metals, unmanufactured agricultural farming, and organic chemicals. Increases were also reflected in consumer goods and capital goods such as civilian aircraft, semiconductors, and pharmaceutical preparations. Merchandise imports rose \$447 million to \$91.6 billion, reflecting increases in capital goods. Some of these goods were computer accessories, computers, civilian aircraft, and civilian aircraft engines. Increases also occurred in consumer goods, such as pharmaceutical preparations. The trade surplus in services was \$5.6 billion in October, down from \$16.5 billion in September.



In the third quarter of 2001, the U.S. trade deficit was 2.9 percent of the gross domestic product (GDP). Last year, the trade deficit was 3.8 percent of GDP, and in 1999, it was 2.8 percent.

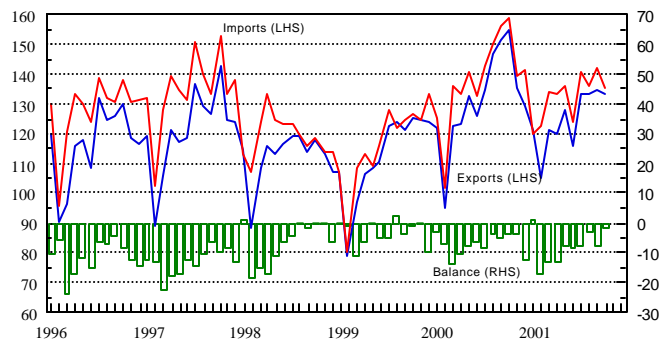
October Highlights:

- The October deficit with China (\$9.2 billion) and imports from China (\$10.8 billion) were both records.
- October exports to Korea (\$1.5 billion) were the lowest since February 1999 (\$1.4 billion).
- October imports from South/Central America (\$5.3 billion) were the lowest since November 1999 (\$5.3 billion).
- The October average price per barrel of crude petroleum (\$19.94) was the lowest since September 1999 (\$19.69).

Hong Kong's economy is in a slump - with economic growth below 1 percent. With Asia expected to fall deeper into recession, Hong Kong's economy may be heading in that direction.

INTERNATIONAL TRADE

(Merchandise, Billions of \$HK)

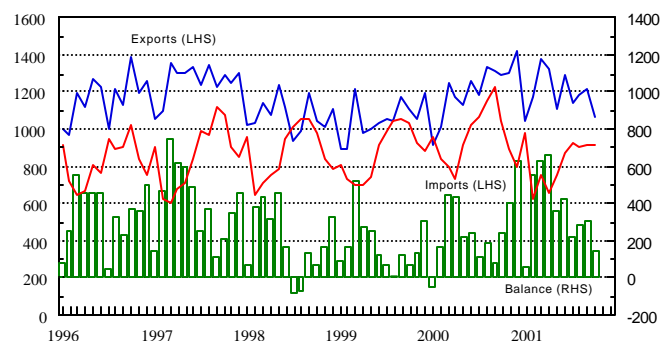


Hong Kong's Trade with the World - reached \$HK 2.6 trillion during the first ten months of 2001, a 4.3 percent decrease over the same period in 2000. During this period, Hong Kong's exports totaled \$HK 1.2 trillion, a decrease of 4.8 percent, and imports were \$HK 1.3 trillion, a decrease of 3.9 percent. As a result, Hong Kong had a trade deficit of \$HK 94.6 billion (annual rate) in 2001. This compares to trade deficit of \$HK 82.8 billion in 2000.

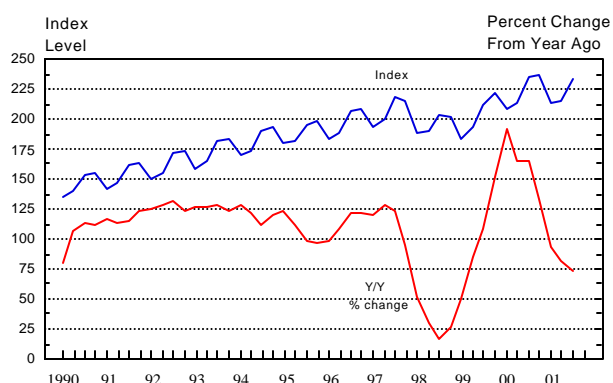
U.S.-Hong Kong Bilateral Trade - reached \$20.2 billion during the first ten months of 2001, a 6.3 percent decrease over the same period a year ago. During this period, U.S. exports to Hong Kong totaled \$11.9 billion, an increase of 0.7 percent over the same period a year ago, and U.S. imports were \$8.3 billion, a decrease of 14.9 percent. The United States had a trade surplus of \$4.4 billion (annual rate). This compares to a \$2.5 billion surplus in 2000.

U.S. TRADE WITH HONG KONG

(Millions of Dollars)



REAL GROSS DOMESTIC PRODUCT



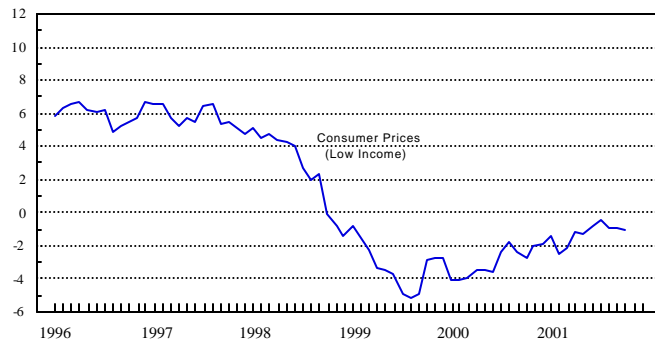
Developments in Economic Growth - In the third quarter 2001, Hong Kong's real gross domestic product declined 0.3 percent from a year ago, the first year over year decline since the first quarter 1999.

INFLATION RATES

(Percent Change from Year Ago)

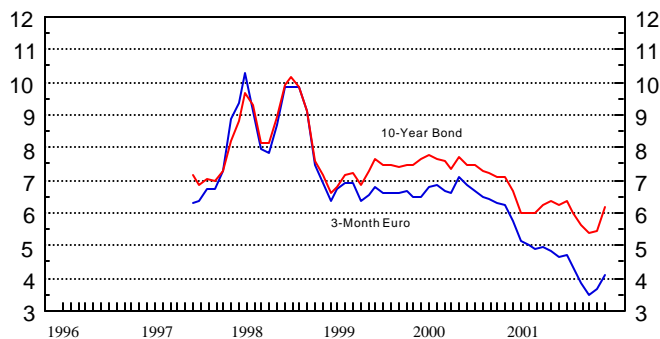
Developments in Inflation -

Consumer price inflation, at -1.0 percent in October 2001, rose from -2.8 percent a year ago.



INTEREST RATES

(Percent)



Developments in Financial Markets - Interest rates in Hong Kong rose in the last months of 2001. Short-term rates which dropped to 3.5 percent in October 2001, have increased to 4.1 percent in December 2001.

HANG SENG 225 INDEX

In the meantime, the stock market has also moved higher. However, the Hang Seng 225 Index has fallen 22 percent in the past year.

